



FORT GEORGE G. MEADE

Enhanced Use Lease Industry Forum

16 August 2006



WELCOME

- Schedule
- Question & Answer Format
- Lunch
- Site Tour Details
- Breaks
- BWI Marriott Facility Information



INDUSTRY FORUM AGENDA

0900 – 1000	Registration & Continental Breakfast
1000 – 1010	Introductions & Announcements
1010 – 1030	Welcome
1030 - 1100	Overview of Fort George G. Meade
1100 – 1130	Overview of Enhanced Use Lease Opportunity
1130 – 1245	Tour of Proposed EUL Sites
1245 – 1330	Lunch
1330 – 1345	Overview of DOD Enhanced Use Lease Program
1345 – 1400	Overview of Solicitation Process
1400 – 1415	Break
1415 – 1445	Panel / Question & Answer Session
1445 – 1500	Wrap Up



WELCOME

Janet Owens

County Executive, Anne Arundel County, MD





WELCOME

Aris Melissaratos

*Maryland Secretary of Business & Economic
Development*





OVERVIEW OF FORT MEADE

Colonel Kenneth McCreedy
*Installation Commander,
Fort George G. Meade*





MISSION

Provide base operations support for facilities and infrastructure, quality of life and protective services in support of Department of Defense activities and Federal agencies.



INSTALLATION PROFILE

- Home of the 4th largest workforce among Army installations in the U.S.
- A preeminent intelligence and information center
- A joint installation embracing all services and several Federal Agencies
- Currently 80 Installation partners

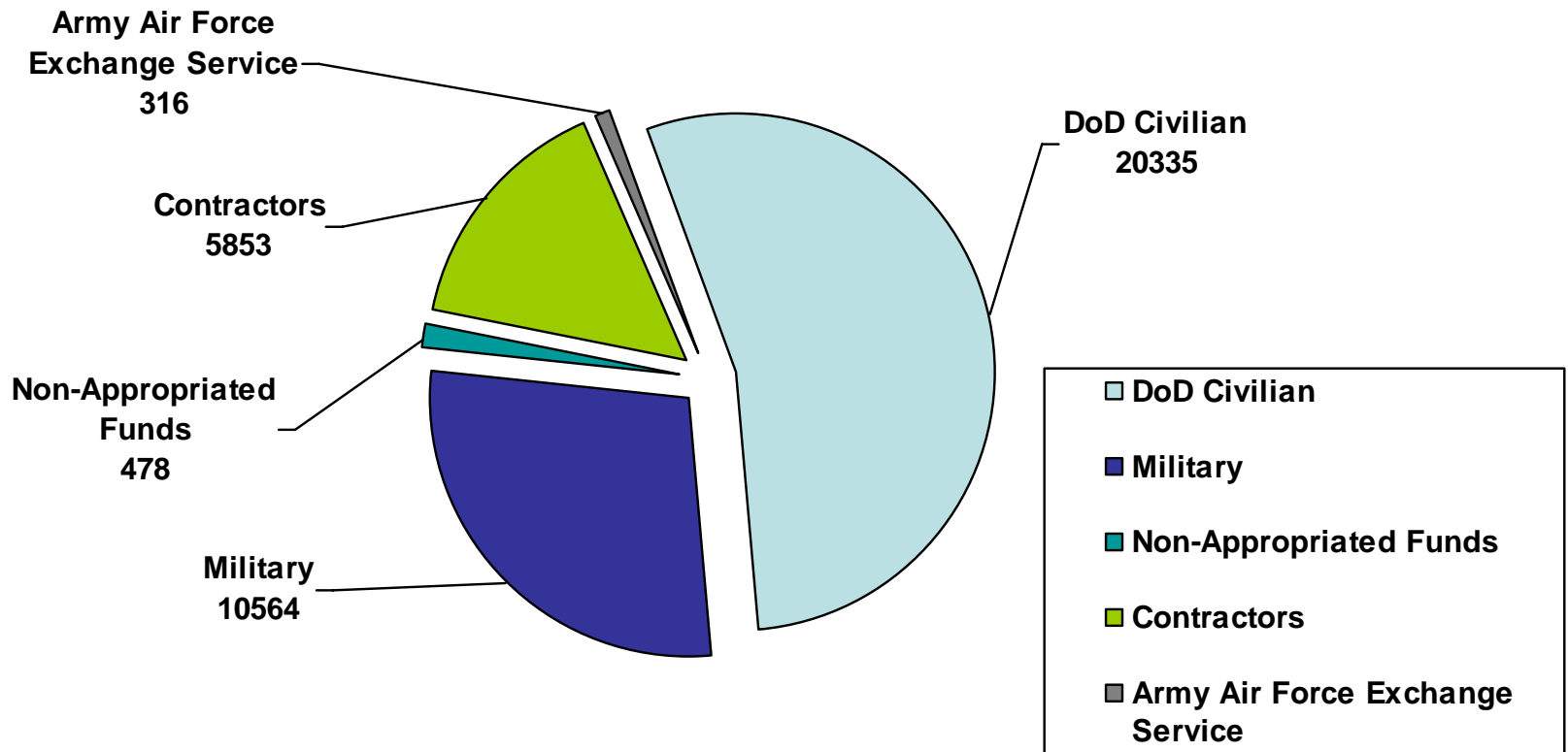


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WORKFORCE DEMOGRAPHICS

Composition of the Workforce





INSTALLATION INFRASTRUCTURE

- Total Acreage: 5,400 acres
- Utilities Distribution & Capabilities:
 - Water Treatment Plant on Post
 - 2.4 million gal./day processing capability (87 miles of pipeline)
 - MOU signed with AACO for additional water lines
 - Upgrades to plant are required and being pursued
 - Sewage Disposal:
 - 2.2 million gal/day processing capability (100+ miles of collection pipeline)
 - Upgrades to plant are required and being pursued
 - Treated waste water used to irrigate post golf course
 - Steam & Hot Water: 49 miles of pipeline
 - Natural Gas: 27 miles of pipeline
 - Electric: 601 miles of pipeline
 - Telecommunications:
 - 188 miles of cable (Copper)
 - 192 miles of cable (Fiber)

Ongoing BG&E
privatization will
upgrade and
expand capabilities



ENVIRONMENTAL PROGRAMS

Programs and Plans Supporting Environmental Policy include:

- | | |
|---|---|
| <ul style="list-style-type: none">• Installation Restoration Program (Soil & Groundwater Cleanup)• Air, Water and Waste Permit Monitoring• Integrated Natural Resources Management Plan• Integrated Cultural Resources Management Plan• Integrated Pest Management Plan | <ul style="list-style-type: none">• Recycling• Solid Waste Minimization• Pollution Prevention• Education and Outreach• NEPA |
|---|---|



COMPREHENSIVE EXPANSION MASTER PLAN

- **30-50 year** development plan
- **Unconstrained**
 - except for retention of historic structures and environmental preservation and stewardship
- **Inside-Out Plan** – shaped by post-9/11 security environment
- Link to **Local and Regional planning**
- Space for **21 million square feet of additional buildings & parking structures** to accommodate **additional 49,000** personnel



2005 BASE REALIGNMENT AND CLOSURE



Defense Information Systems Agency

4,100 personnel

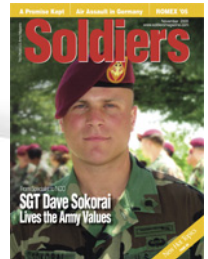
3 Leased Spaces in Arlington

Defense Media & Publications Activities

600 personnel

AFNEWS

The Air Force News Agency



Defense Security Clearance Activities

600 personnel

10 agencies

5,300 new Jobs, <12% ,military
Additional \$1 billion impact annually



2005 BASE REALIGNMENT AND CLOSURE

Current Economic Impact:

Salaries: \$ 1,500,000,000

Contracts: \$ 2,200,000,000

Other: \$ 300,000,000

Total: \$ 4,000,000,000 annually

BRAC-related Additional Economic Impact:

Additional Salaries: \$ 375,000,000

Additional Contracts: \$ 550,000,000

Additional Other: \$ 75,000,000

Total: \$ 1,000,000,000 annually

Future Economic Impact:

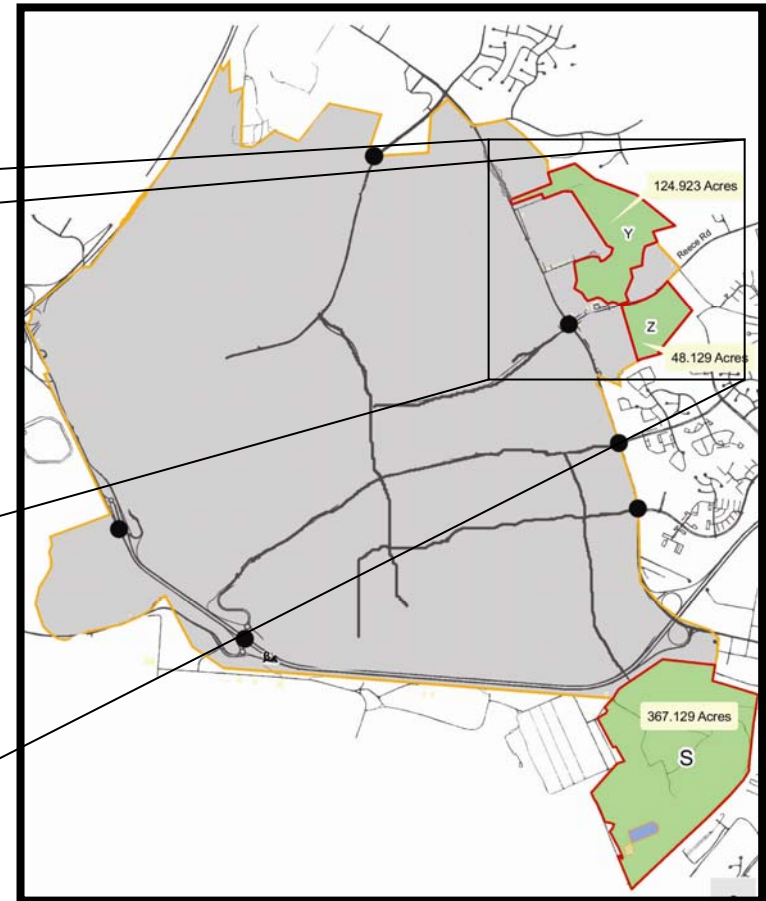
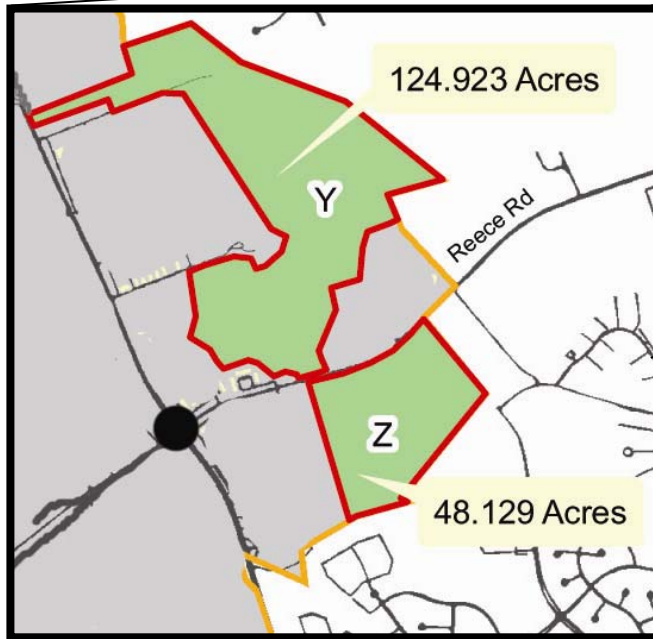
Future Grand Total:

\$ 5,000,000,000 annually



ENHANCED USE LEASE FORT MEADE SITE

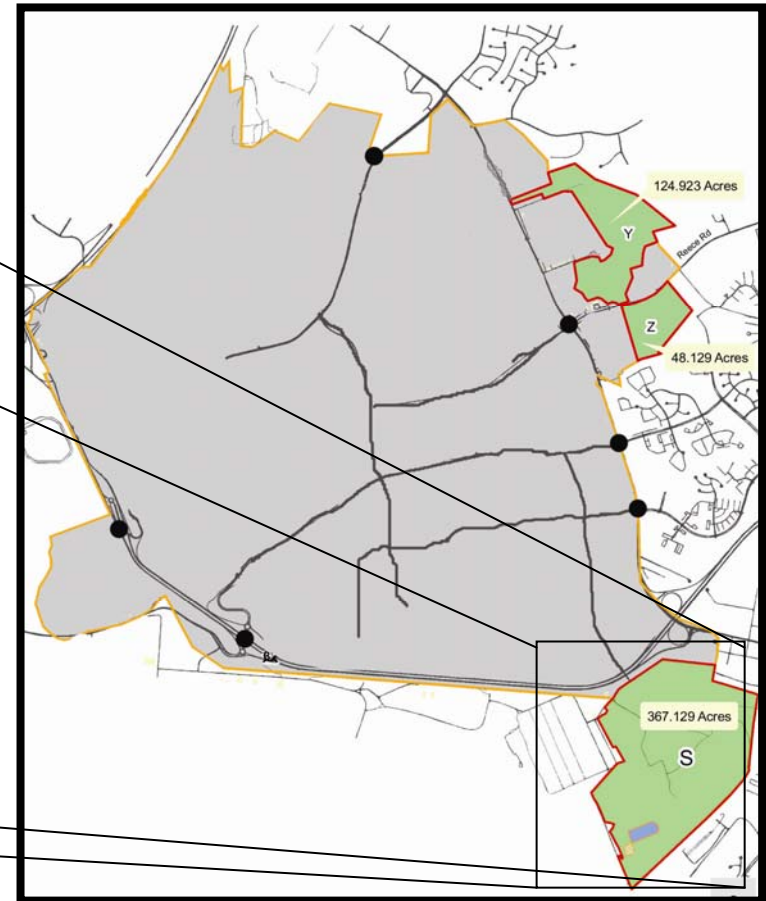
- EUL Sites Y and Z





ENHANCED USE LEASE FORT MEADE SITE

- EUL Site S





ENHANCED USE LEASE

“A Win-Win Opportunity”

For Installation/Army:

- Use available under used/non-excess property
- Supports 30 – 50 year Comprehensive Expansion Master Plan (CEMP)
- Builds high quality, sustainable facilities to support mission requirements
- Enhances accessibility of recreation activities on Fort Meade
- Augments MILCON by providing ancillary facilities
- Services in-kind improve/maintain and support aging infrastructure



ENHANCED USE LEASE

“A Win-Win Opportunity”

For Industry:

- Location – Location – Location
(Baltimore, Washington, D.C., Annapolis)
- Significant development opportunity, major growth area, and economic generator.
- Streamlined development process reduces time, cost, and risk
- Readily available rail, road, airport, & port facilities



ENHANCED USE LEASE

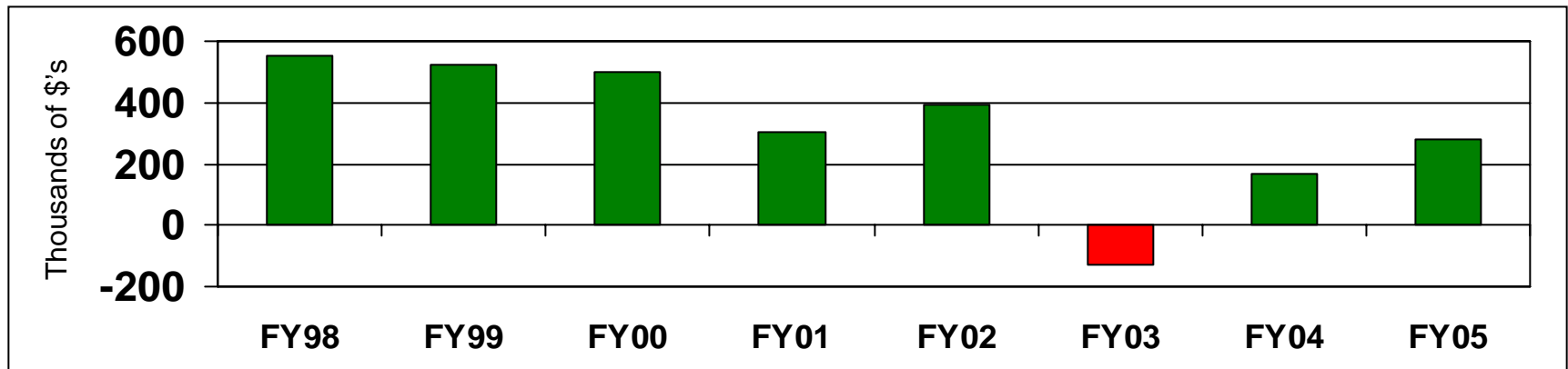
“A Win-Win Opportunity”

For Service Members and Families:

- Enhanced Quality of Life programs
- Improved infrastructure and facilities
- Increased Morale, Welfare, Recreation (MWR) programs and income to support expanding customer base



GOLF COURSE NET INCOME BEFORE DEPRECIATION



- **Golf Course Profits Are Used to Support and Operate:**
 - Child Care Programs
 - Summer Day Camp
 - Arts & Crafts Programs
 - Installation Library
 - ACS Food Locker
 - Youth Sports
 - Teen Center Activities
 - Auto Skills Center
 - Unit Soldier Activity Funds
 - Burba Park Recreation Area



QUALITY OF LIFE: COMMUNITY INVOLVEMENT

The Strength of Fort Meade is its support from the State of Maryland and the surrounding community:



**BWI Business Partnership
Employer of the Year**

- Maryland Congressional Delegation
- State of Maryland
- Federal , State, and local leaders and staff
- Maryland Military Strategic Planning Council
- Fort Meade Alliance
- BWI Business Partnership
- Chambers of Commerce
- Anne Arundel Community College
- Anne Arundel County Public Schools
- Libraries, Hospitals, Colleges



QUALITY OF LIFE: RESIDENTIAL

- **New privatized housing available to service members, retirees and federal employees**
 - 513 new homes, 532 renovated homes, build out of 2,600 units
- **2005 Philip A. Connelly Excellence in Food Service Awards Program Runner-Up in the Dept. of the Army for Small-Garrison Dining Facility**
- **New State of the Art *Freedom Inn* dining facility**
- **Award winning Morale, Welfare and Recreation facilities**
- **New Teen Center for Fort Meade youth**

**Competitor in the 2006
Army Communities of Excellence Program**



SUMMARY

- **World Class Tenant Support to 80 Installation partners**
- **Ideally located for DoD agencies and contractors**
- **Highly involved and supportive community**
- **Strong relationship with regional, state and federal government offices**
- **Enhanced quality of life initiatives such as privatized housing**
- **Postured for future growth and expanded activities**

**“A Federal Campus Providing
World Class Service”**



OVERVIEW OF ENHANCED USE LEASE OPPORTUNITY

Joseph B. Brennan
& Katharine Kolb
Jones Lang LaSalle



FORT MEADE EUL: OVERVIEW

- Development Opportunity
- Benefits
- Market Context
- Project Concept



FORT MEADE EUL: DEVELOPMENT OPPORTUNITY

- Opportunity
 - Determine and develop the optimal facility on Y & Z parcels located along Rte. 175 outside the Reece Gate of Fort George G. Meade
 - Develop two new 18-hole golf courses on parcel S as in-kind service on behalf of Fort Meade
 - Turn key facility for Fort Meade
 - Potential Development types on parcels Y, Z & S include:
 - Office & Administrative Buildings
 - Golf Courses & Recreational Amenities
 - Development on federally owned land
 - Partner with the installation to achieve desired results
 - Parcels not subject to County entitlements process



FORT MEADE EUL: DEVELOPMENT OPPORTUNITY

- Prospective Tenant Demand:
 - Those relocating due to BRAC
 - 5,300 new jobs at Fort Meade
 - Significant contractor tail anticipated
 - Those complying with force protection requirements
 - Those looking to position themselves proximate to demand generators, ie.
 - NSA
 - DISA
 - Military Adjudication
 - DOD Media Activity



FORT MEADE EUL: BENEFITS

- Private Sector Benefits
 - Market rate return
 - Access to market demand (federal, military & contractor demand)
 - Rare opportunity to enter supply side within a constrained market
 - Opportunity to capture security-minded tenant demand
- Government Benefits
 - Support Fort Meade mission with in-kind considerations
 - Obtain no less than fair market value for lease of government owned land



FORT MEADE EUL: MARKET CONTEXT

- Location
 - Site located steps away from the front door to Fort Meade offering excellent access to on-Post activities
 - Unique ability to configure site security to meet force protection set backs , while maintaining flexibility just outside the gate
 - Unparalleled access to Baltimore, Washington DC, major airports, rail & roadways
 - Ability to leverage existing roadways and infrastructure to support future development on all parcels
 - Relatively flat, vacant sites with few known environmental issues



FORT MEADE EUL: MARKET CONTEXT

- Demand Generators & Trends
 - Post 9.11 displacement of contractors as NSA & other federal organizations tightened security
 - 2005 BRAC recommendations will result in substantial plus-ups & expanded missions at Fort Meade
 - Pending force protection compliance will have significant impact on force protection actions for federal demand
 - Ripple effect on contractors
- Existing base of DOD contractors proximate to EUL site with identified stream of growth
 - Premium on secure space in the market
 - Secure Comm. Links & SCIF space in particular demand



FORT MEADE EUL: MARKET CONTEXT

- Over \$2B in contracts let through Fort Meade annually
- Over 100 defense contractors exist today in Anne Arundel County
- 8 of the 10 top recipients of DOD contract \$'s reside in Anne Arundel County proximate to Fort Meade

Rank	Company	Award (Billions)
1	Lockheed Martin Corporation	\$21.9
2	Boeing Company, The	\$17.3
3	Northrop Grumman Corporation	\$11.1
4	General Dynamics Corporation	\$8.2
5	Raytheon Company	\$7.9
6	United Technologies Corporation	\$4.5
7	Halliburton Company	\$3.9
8	General Electric Company	\$2.8
9	Science Application International Corp.	\$2.6
10	Computer Sciences Corporation	\$2.5



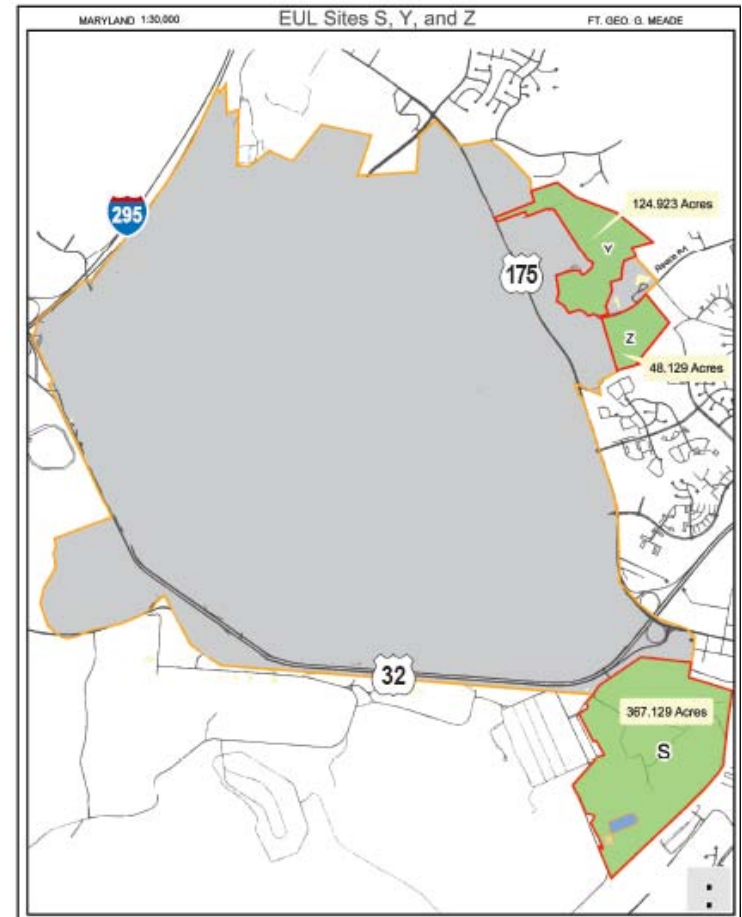
FORT MEADE EUL: PROJECT CONCEPT

- Optimize Land Use at Fort Meade
 - Support Fort Meade by optimizing land use on interior of the installation to accommodate incoming BRAC organizations & growing mission expansion in secure locations
 - Orient other development to edges of the installation
- Leverage Existing Assets
 - Leverage existing land assets to achieve in-kind consideration to support Fort Meade's needs for modern facilities, services and maintenance
- Obtain Modern Facilities
 - Replace existing golf courses with new, more accessible modern golf facilities



FORT MEADE EUL: PROJECT CONCEPT

- Private Sector Development Opportunity
 - 3 parcels totaling 540 acres
 - Parcel S reserved for in-kind golf course development
 - 36 hole golf course to replace existing golf facilities located on the interior of the installation
 - 50 year ground lease
 - Business & Leasing Plan





FORT MEADE EUL: PROJECT CONCEPT

- Long Term Relationship between Developer & Army
 - Developer/Manager secures financing
 - Developer/Manager develops facilities
 - Developer/Manager secures and negotiates with tenants
 - Developer/Manager operates and maintains facilities
 - Developer/Manager provides in-kind consideration of no less than fair market value of the leased asset

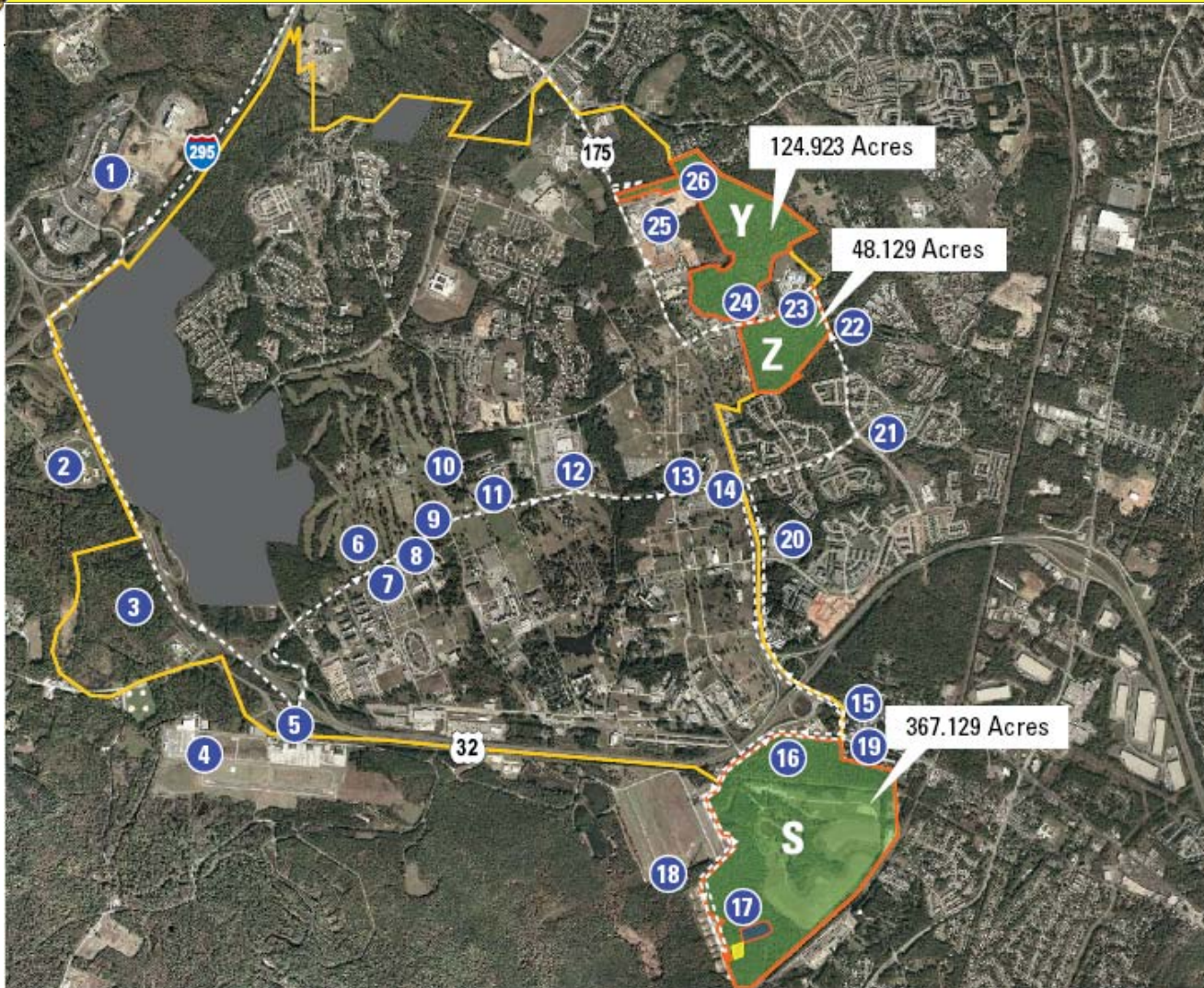


TOUR OF PROPOSED EUL SITES

Tour of Fort George G. Meade
Parcels S, Y & Z



TOUR OF PROPOSED EUL SITES





EUL SOLICITATION PROCESS



Bob Penn

*Assistant Chief of Real Estate Division
US Army Corps of Engineers,
Baltimore District*



U.S. Army Corps of Engineers
Enhanced Use Leasing



What is Enhanced Use Leasing?

- Enhanced Use Leasing is a new tool in the military's arsenal providing an alternative to traditional approaches of acquiring, constructing or upgrading facilities.
- Leverage DoD assets that are currently available, but not excess to the Military's needs
- Receive rent in cash or in-kind services no-less-than FMV of asset



Enhanced Use Leasing

Title 10 USC § 2667 gives Military Departments authority to:

- Enter into long-term or short-term leases, providing greater flexibility for facility reuse
- Lease land and/or buildings
- Receive income on leased property, which can be used to fund other new construction and does not have to be invested in the leased property



Why Does Army Lease?

- Off-set declining Operation & Maintenance budgets
- Bring tenants who are synergistic with missions of installations
- Avoid cost of maintaining or razing old buildings
- Free-up space for increased or new missions

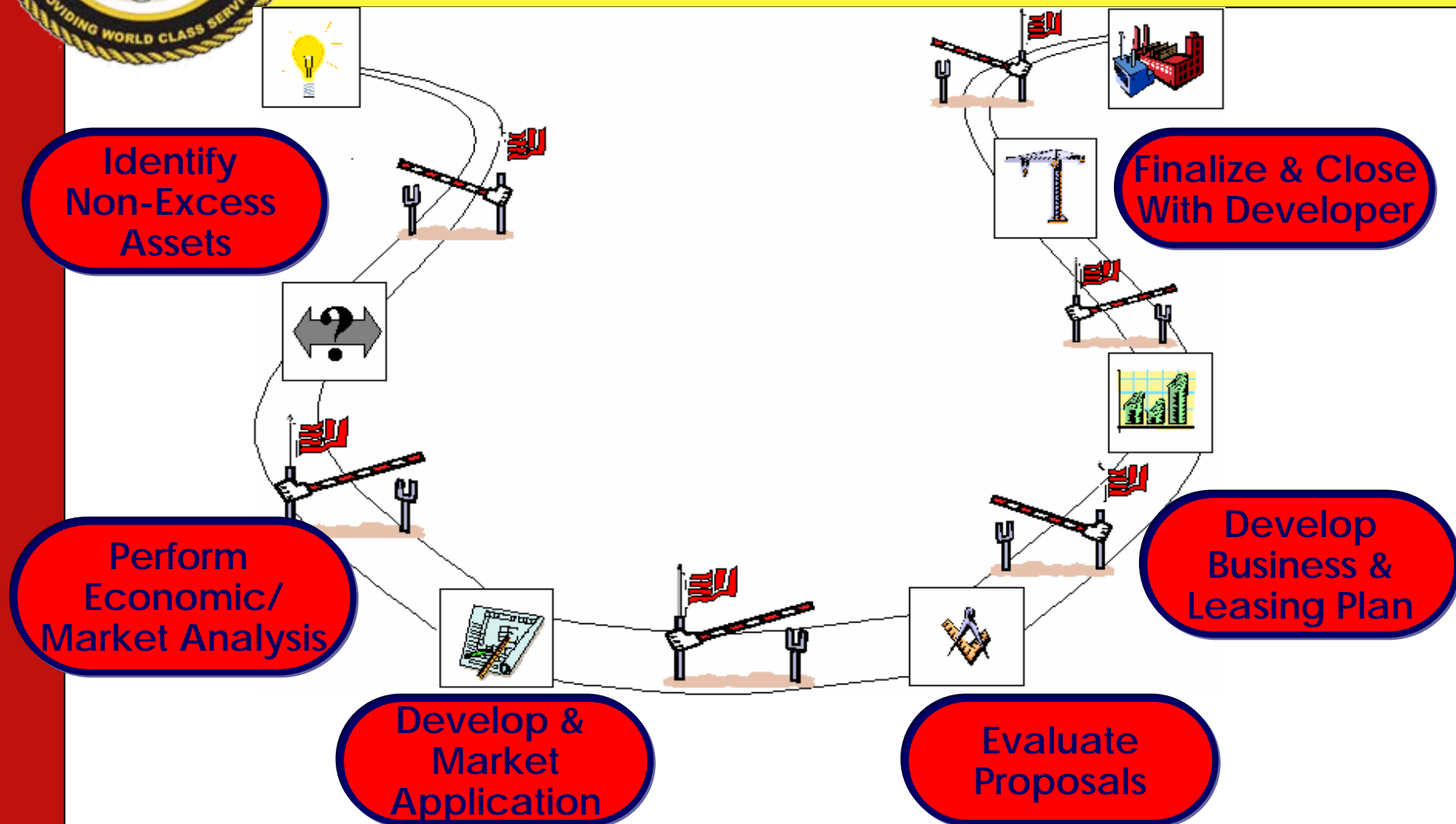


How Does Army Lease?

- Competitive (Advertising) Process
- Source Selection Process
- Negotiation Process



EUL Process





Benefits of EUL for Private Sector

“The promise of win-win dealings rarely looked so achievable” – EUL developer quote

- **Market Rate Returns:** Developer captures market rates of return on design, construction, maintenance, leasing/sales, and property management activities
- **Long-Term Relationship:** Ground lease for assets is up to 50 years and agreements with end users is frequently 20 years or more
- **Efficient Developer Selection Process:** Approach is to minimize time and effort of bringing a development entity on board to perform work
- **Growing Program:** DoD EUL program is in its early development stages, anticipation of many more projects across the country



Benefits of EUL to Army

- Unleashes captive value from property
- Provides for needed development
- Tenants who compliment missions at Fort Meade
- Supplements under-funded O&M
- Provides in-kind funding source for needed and un-funded capital improvements
- Stimulates local job market
- Improves community relations



What Does the Deal Look Like?

- Army Goal – Maximize land rent by mirroring a private sector transaction
- Developer Teams
- Think Real Estate!



Examples of EUL Projects

- Fort Sam Houston, Picatinny Arsenal
- Aberdeen Proving Ground, Redstone Arsenal
- Snake Creek - Florida Natl. Guard
- Yuma Proving Ground, Fort Greely, AK
- Camp Navajo, AZ, Fort Detrick Cogen Plant



Overview of the Solicitation Process

- Description of Solicitation Plan
- Notice of Availability to Lease (NOL)
- Overview of Evaluation Criteria
- Overview of Evaluation Process
- Lessons Learned for NOL Application Submittal
- Anticipated Milestones & Next Steps



Description of Solicitation Plan

1. Prepare draft NOL and issue pre-solicitation document

2. Solicit industry interest and conduct Industry Forum

3. Finalize NOL and issue to Offerors

4. Receive and evaluate proposals

5. Determine competitive range/select Successful Offeror

6. Partnering session with Government and Developer

7. Developer creates business and leasing plan for Government review

8. Government reviews and edits business and leasing plan

9. Developer and Government sign lease



Description of Notice of Intent to Lease (NOL)

Determining "Best Value" for the Department of the Army and Fort Meade

Proposal Review Process

Evaluation Criteria for Solicitation

Description of Real Estate Assets

Fort Meade Project Vision and Goals

Description of Enhanced Use Leasing Authority



Overview of Evaluation Criteria

Factor	Description
1. Relevant Experience/Past Performance	<ul style="list-style-type: none">• Experience with Comparable Projects• Objective Assessment of Prior Performance
2. Financial	<ul style="list-style-type: none">•Return Expectations•Financial Capabilities
3. Development Plan	<ul style="list-style-type: none">•Understanding of Requirements•Proposed Concept and Vision
4. Marketing Plan	<ul style="list-style-type: none">•Survey potential purchasers of energy•Analyze market rents and lease terms•Pro-forma development cash flows
5. Property Management/Maintenance	<ul style="list-style-type: none">•Relevant Experience Managing Projects•Envisioned Management Plan for Fort Meade
6. Capabilities/Qualifications	<ul style="list-style-type: none">•Staffing Plan•Key Personnel•Organizational Approach
7. Achievement of Army Goals	<ul style="list-style-type: none">•Understanding of Army's Objectives for Project
8. Experience with Community Relations	<ul style="list-style-type: none">•Experience with Community Partners•Envisioned Community Approach



Overview of Evaluation Criteria

Each Factor Receives Factor Rating...

Factor Rating	Description
Exceptional (+)	The offeror has addressed substantially all of the elements in this factor in a manner that demonstrates superior added value above a satisfactory response for substantially all of the elements.
Exceptional	The offeror has addressed many of the elements of this factor in a manner that demonstrates superior added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates high added value above a satisfactory response.
Acceptable (+)	The offeror has addressed many of the elements of this factor in a manner that demonstrates some added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates a satisfactory response.
Acceptable	The offeror has addressed substantially all of the elements in this factor in a satisfactory manner.
Unacceptable	The offeror has failed to address substantially all of the elements of this factor in a satisfactory manner or has simply failed to address substantially all of the elements in this factor.



Overview of Evaluation Criteria

... And Factor Risk Rating

Factor Risk Rating	Description
Low Risk	Any weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the Developer have little potential to cause disruption to the planning and implementation phases. Normal contractor/government effort and monitoring will probably minimize any difficulties.
Moderate Risk	These are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the Developer that can potentially cause disruption to the planning and implementation phases. Special contractor/government emphasis and close monitoring will probably minimize any difficulties.
High Risk	These are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the Developer that have the potential to cause significant disruption to the planning and implementation phases even with special contractor/government emphasis and close monitoring.



Evaluation Process Overview

- Meet Due Date and Page Limitation Compliance
- Check of all Financial and Project References
 - Dun and Bradstreet (include number or current report in submission)
 - Current name and contact points for references
- Source Selection Executive Board (SSEB)
- Oral Presentations
 - Prepare now – advance schedule notice may be less than a week
- Award Notification
 - Memorandum of Agreement with selected developer
 - Debriefs to all submitting groups



Lessons Learned NOL Application

- Include all required information and requested data asked for in the solicitation. When in doubt.....ask!
- Review submittal for compliance with all requirements including page limitations and font size. Pages over page count limitations will be excluded.
- Be specific when describing past performance and experiences (i.e. clear descriptions of projects completed). Do not make the evaluation team have to “interpret” proposal submittal!
- Acceptable to include company brochures and websites as background, however, no guarantee they will be evaluated



Lessons Learned NOL Application

- Be prepared for oral presentations
- Put best foot forward during this stage....don't expect another bite at the apple
- Army wants world-class office and golf facility and expects a world-class developer to supply it!
- NOL draft and final version downloadable from web at <http://eul.army.mil/ftmeade/documents.htm>
- Final Environmental Baseline Survey (EBS) also downloadable at <http://eul.army.mil/ftmeade/documents.htm>



Anticipated Project Milestones

Milestones	Current Schedule (subject to change)
Industry Forum	16 August 2006
Final NOL Issued	22 August 2006
Proposals Due	22 September 2006
Successful Offeror Selected	27 October 2006
Business & Lease Plan Finalized	1 May 2007
Documents Review and Approval	July 2007
EIS Completed	Summer 2007
Execute Lease with Developer	Summer 2007
Construction Begins	T.B.D.



Upcoming Process

How to stay plugged in!!

<http://eul.army.mil/ftmeade>

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QUESTION & ANSWER PANEL

Col. Kenneth McCreedy, Fort Meade

Tom Kretzschmar, USACE

Mick Butler, Fort Meade

Joseph Brennan, JLL